



SCRUTINY COMMISSION – 25 JANUARY 2021

SUPPORTING ECONOMIC RECOVERY IN LEICESTERSHIRE

REPORT OF THE CHIEF EXECUTIVE

Purpose of the Report

1. The purpose of this report is to advise the Scrutiny Commission of the proposed economic recovery actions to be taken by the County Council in response to the impact of COVID-19 restrictions on Leicestershire's businesses and workforce. The report seeks the Commission's views on a range of actions proposed to support businesses and individuals over the short, medium and long term including participating in the national Kickstart scheme, support for people seeking work, and Broadband improvements.

Policy Framework and Previous Decisions

2. The Council's Strategic Plan (agreed by County Council in December 2017), supported by the Council's Enabling Growth Plan, outlines the Council's long-term vision for the people and place of Leicestershire and sets the Council's five key outcomes for 2018 to 2022, which include building a strong economy, supporting wellbeing and opportunity, developing greater communities and keeping people safe.
3. In June 2020 the Council's 'COVID-19 Recovery Strategy 2020-2021' was presented to the Cabinet. Key objectives for economic recovery were defined including addressing the significant impact of Covid-19 on the labour market and re-skilling Leicestershire's residents to be able to compete in the changed local economy; including upscaling digital skills and tackling digital isolation, skills for a zero-carbon economy and supporting cohorts most affected by the COVID-19 lockdown (e.g. those not in employment, education or training, young people and the over-50s).
4. The report to the Cabinet on 20 October 2020 entitled 'Coronavirus (Covid-19) Impact and Response of the County Council – Recovery' considered the effect on County employment levels and job vacancies and outlined the actions already being undertaken to mitigate economic damage including £750,000 of Business Recovery funding committed by the Council. The report recognised that further work would need to be undertaken to support the

economy stating that options such as Kickstart, further rural rollout of Broadband and supporting the Council's commitment to a zero-carbon economy would all be explored.

Background

5. The impact of the pandemic on Leicestershire's economy is unprecedented. The damage is immediate and long lasting with evidence demonstrating that the hardest hit sectors are hospitality and tourism with the youngest most affected through job losses.
6. Unemployment claimant rates in Leicestershire have risen from 1.6% to 4% since March 2020. This is below both the East Midlands rate (5.5%) and the national rate (6.4%). The 18-24 year age group have felt the biggest impact both locally and nationally with the Leicestershire rate for this age group at 5.6%. Rates for furloughed staff are similar at local and national levels (7% at the end of October).
7. The Retail, Hospitality and Tourism sectors have been hit especially hard by the pandemic. Although this is the case across the UK, Leicestershire (and Leicester City) has been particularly badly affected due to the extended local lockdown during the summer months when the rest of the UK was beginning to reopen. The aforementioned sectors all employ large numbers of young people.
8. Data shows low numbers of business closures between April and August 2020 due to Government support measures which were put in place (95.2% of eligible businesses received support locally). However, closures rose rapidly in September and October 2020. Surveys show that both businesses and consumers are concerned about future prospects.
9. Appendix A to this report, provided by the Business Intelligence Team, gives further details of the local economic impact.

Kickstart Gateway

10. The Government announced the national Kickstart scheme on 2nd September 2020. It is aimed at young people aged 16-24 receiving universal credit and at risk of becoming long-term unemployed.
11. The Government scheme provides funding to organisations willing to recruit 30 Kickstart applicants to new six-month roles within their organisations. As a national initiative, Kickstart provides 100% of the National Minimum Wage (or the National Living Wage depending on the age of the participant) for 25 hours per week for a total of 6 months, associated employer National Insurance contributions and employer minimum automatic enrolment contributions.

12. The Government is also looking to councils and other stakeholders to act as 'Kickstart Gateways' and as such support groups of businesses willing to appoint a smaller number of Kickstart applicants.
13. It is proposed that this Council acts as a Kickstart Gateway, in partnership with the City Council. It is not proposed that the Council applies as a single employer given the difficulty in defining 30 new placements across the Authority at this time. The City Council holds the same view.
14. It is proposed that the Kickstart scheme in Leicestershire and Leicester is for 12-month placements and not 6-months, as proposed in the Government scheme. Evidence demonstrates that outcomes for young people secured through short 6-month placements are far less satisfactory than those secured for longer placements. For example, the Step Up project from the City Council enabled work placements to be extended for an additional 3-6 months, resulting in the number of participants remaining in work being 63%, with 83% not claiming benefits. The extended placement gave individuals:
 - a. more time to become embedded into the organisation leading to possible retention;
 - b. more time to learn and develop skills especially for those individuals furthest from the labour market.
15. It is proposed the Council appoints 15 Kickstart applicants. The total cost associated with this extension, estimated to be £100,000, will be met by the appointing County Council department. It is anticipated that the City Council will also offer 15 extended placements, but numbers have still to be confirmed. Costs for the extension of the placements will be financed independently by each Council.
16. It is also proposed that the County and City Councils scheme actively seeks to support young people furthest from the labour market, including care leavers and young people with disabilities that affect their ability to secure work. Such an approach inevitably creates additional cost to the Council, through physical adaptations and the need to include additional managerial or pastoral support. Additional Kickstart scheme funding of £1,500 per participant is provided towards the cost of employability training or other support for participants.
17. Costs for management of the project, including engagement with participating Leicestershire SMEs (small and medium sized enterprises) and support to the Council's placement line managers is estimated to be in the region of £75,000 to include the recruitment of a part-time project manager. A management fee of £300 per participant is funded by the scheme and this could be supplemented from the current Economic Reserves.

18. The Leicester and Leicestershire Enterprise Partnership (LLEP) Board met on 1 December 2020 and agreed to provide up to £500,000 to provide placement extensions, also from 6 to 12 months, to local SMEs offering Kickstart roles. Allocation criteria relating to sector or geography is yet to be determined. A procurement exercise will be used to secure management (Gateway) services.
19. There are a number of Leicestershire organisations putting themselves forward as Kickstart Gateways, including district councils, the East Midlands Chamber and the Federation of Small Businesses. However, their intention is to promote the Government's six-month placement scheme with no extension, and no focus on those furthest from the labour market.
20. The County Council's proposed scheme, in partnership with the City Council, therefore differs to that being offered by other stakeholders in the County and City.
21. A Business Case providing further detail on the Kickstart proposals can be found at Appendix B.

Work+

22. The impact of the pandemic on employment will affect all ages and abilities within the County. The Work+ proposal looks to put in place a universal support offer, accessible online and through our libraries, that will help individuals access work.
23. The proposed Work+ offer is a 2-year project to support people to become work ready, offering assistance around developing their CV, cover letters, job search, email account, how to use LinkedIn and other Social Media platforms to search for jobs. It will support those wanting to explore volunteering opportunities, improve interview techniques, explore self-employment or access digital training and business support.
24. Work+ would be managed within the Communities and Wellbeing Service (within the Adults and Communities Department). Libraries offer a neutral, safe and inclusive place for people to attend and job search with an opportunity to engage with Learning and Work Advisors from the Leicestershire Adult Learning service (LALs) who can provide free impartial Information Advice and Guidance (IAG) about courses, as well as other opportunities that may be available.
25. In the case of face-to-face interaction being limited by COVID-19 restrictions, the project will provide an integrated virtual offer via a phone line and live chat for job seekers to engage with. Ongoing restrictions will mean that this virtual offer will be an essential element of the scheme in the short term and need to be developed quickly via the secondment job role and made available

promptly. Technology essential to delivering the virtual offer will need to be put in place and supported. The virtual offer will be available throughout the lifetime of the project because it may be a preferred approach for some participants and will also help reach out to people living in rural areas.

26. The programme will also explore volunteering and work placement opportunities through working with the voluntary sector and key partners such as the Department of Work and Pensions (DWP) to enable participants to develop skills and improve confidence that could support them to move into employment.
27. A structured approach would be provided for participants of approximately 12 weeks support (depending on their needs) shaping a way forward into employment, training or volunteering. This would include follow up sessions in order to track participant outcomes. This would be managed by Work+ and LALs staff.
28. It is proposed that Work+ is a universal offer targeted at “people actively looking for work” but with set targets to engage with “hard to reach” groups, including ethnic minorities, people with physical disabilities and mental health issues. The project would also aim to have a fair gender balance across its delivery consistent with the population.
29. Unemployment is high and is anticipated to increase over the next 12 months. As such, demand will be high from participants wishing to engage with Work+. Whilst accurate estimations are challenging, considering the number of people who have previously engaged with the Council’s Work Clubs scheme in the past, a target for the number of ‘visits’ to Work+ over the two years is 10,000, with a positive outcome target for at least 50%.
30. Work+ would be primarily located in County Libraries, initially offered from the 6 of the main libraries (Coalville, Hinckley, Market Harborough, Melton Mowbray, Wigston Magna, Oadby). Delivery would take a staged approach and use demand data to inform where need is greatest. Loughborough library delivers Moneywise Plus which is a European Social Fund project, therefore Work+ will complement this service rather than compete with it. It is also proposed that pop-up arrangements would be put in place at the shopping centre libraries and Adult Learning Centres. Community led libraries would also be encouraged to host pop-up Work+ surgeries and events where demand is greatest. If appropriate, pop up Work+ surgeries could also be delivered from voluntary sector partner premises to ensure accessibility for target groups.
31. It is planned that the scheme would be publicised via a promotional campaign making use of an impressive mailing list built up by the Communities and Wellbeing Service with over 4000 individual learners, 118,307 library users,

and 900 participation group members. Working with external partners such as DWP and VAL would further support the promotion of the project. The target audience will be reached through the use of case studies looking at the 'journey of a participant' and social media platforms promoting the offer.

32. Work+ is estimated to cost £340,000 over a two-year period. Once established, three individuals would be required to deliver the service, with some ongoing management time also required. Other costs would include laptops to be used by participants, hire of library facilities and travel expenses. It is proposed that this be funded through use of the Broadband Gainshare Fund. A Business Case providing further detail on Work+ proposals can be found at Appendix C.

Business Support

33. The Leicestershire Business Recovery Fund was launched in July 2020 to support companies with 50 employees or less, particularly those from the tourism, retail, agriculture, and creative sectors, by providing grants of between £2000 to £10,000 to ensure their survival by, for instance, developing online selling and diversifying into new product areas. Over 120 businesses across the County have benefited from this essential project, with 50% match funding being invested by each business.
34. The Business Recovery Fund was funded through money secured by the County Council from the Leicester and Leicestershire Business Rates Pool.
35. The Council's Community Pub fund was launched in December 2020 to support Leicestershire's village pubs. A one-off emergency payment of £1,000 was awarded to those pubs who are wet led (less than 50% of income derived from food) and able to demonstrate that the business played a significant role in the community.
36. A key aim of the initiative, given the urgency of the situation some pubs find themselves in, was to make payments as quickly as possible. The agreed approach enabled the first grants to be issued to 20 landlords within 4 working days of the fund launching.
37. Although the application process for the Community Pub Fund was streamlined in comparison to other grant schemes, applicants and their businesses did have checks carried out to assess eligibility, including Companies House and VAT registrations. Any anomalies were addressed, prior to grants being approved. A database of applicants detailing their progression through the system has been developed to ensure that an audit trail exists, should this be required.
38. The emergency funding is drawn from the Council's Economic Growth Reserves.

39. The Council, in partnership with Leicester City Council, through the Place Marketing Organisation, are proposing additional activity that would see greater promotion of the Council's tourism destinations through the 'Uncover the Story' campaign as well as capturing additional materials that will promote the County as an attractive destination for inward investment. Funding for this, estimated to be in the region of £180,000, is being sought from the LLEP's Investment Panel and will be drawn down within this financial year.
40. The Council's Business Intelligence Team has been supporting the lobbying work of the Tourism Advisory Board and LLEP by providing evidence for DCMS of the additional disadvantage gap experienced by Leicestershire's tourist attractions as a result of the extended local lockdown.
41. The Council, through the Place Marketing Organisation, has partnered in the establishment of a Business Tourism Service to support those business event venues and conference hotels that have been unable to operate effectively since the start of the pandemic. The service will help this hard-hit sector to stimulate new business through pro-active lead generation and showcasing the sub-regional offer with a new website and marketing activity.
42. The Council, through the Place Marketing Organisation, has partnered with the LLEP Growth Hub to develop a series of webinars and 'clinics' for tourism and hospitality businesses to aid the recovery of the sector and restore it to its pre-COVID-19 baseline. Experts will show SMEs in the sector how to reach new visitor markets, take advantage of emerging consumer trends, develop new products and how to take them to market.

Broadband rollout

43. Superfast Leicestershire is a multi-million-pound project led by the County Council, in partnership with British Telecommunications (BT), the Leicester and Leicestershire Enterprise Partnership (LLEP), Broadband Delivery UK (BDUK) and district councils. The aim of the project is to bring superfast broadband access to areas not served by commercial operators.
44. Phase 1 delivery ran from April 2014 to March 2016. Phase 2 delivery ran from April 2016 to Sept. 2019. At the completion of Phase 2 of the programme, more than 72,000 properties have gained access to superfast broadband, including approx. 11,000 businesses. This has been achieved through a public sector investment for the period 2014-2019 of £18m, and a BT capital contribution of £8.5m.
45. As a direct result of the Programme's intervention, coverage of Superfast Broadband across Leicestershire has increased from 81% to 96%.

46. The Council launched a procurement exercise in April 2020 to secure a delivery partner for Phase 4 of the roll out that would see the delivery of superfast broadband to rural areas in the east of the County. Unfortunately, no credible bids were received so the contract remains unlet. The Council is in dialogue with BDUK regarding further feasible interventions and mechanisms aimed at extending coverage across the remaining unserved areas across east Leicestershire.
47. The Council remains committed to further improvements to broadband coverage in the county and is in dialogue with BDUK regarding a number of initiatives, listed below:
- a. Place based Community Hub programme. This would see publicly-owned buildings (including village halls, libraries, schools and GP services) having gigabit-capable connections and acting as WIFI hubs in rural communities. This will enhance the services offered to the public.
 - b. Outside In programme. This is a Government-led £5bn BDUK programme providing Gigabit-capable broadband connections to the first one million homes and businesses in the hardest to reach 20% of the UK by 2025. Detailed plans for the roll-out of this programme are currently being worked up and not yet known.
 - c. Top up voucher scheme - community and small to medium sized businesses can aggregate government vouchers together in group schemes to fund the cost of gigabit-capable broadband to their community. This scheme has been used by communities in Leicestershire in the past and the launching of a further scheme is anticipated in Spring 2021.
48. Contractual arrangements with suppliers and BDUK mean that where residents or businesses take up a broadband service provided through the Superfast Broadband scheme the council receive receives a return on its investment, known as Gainshare. This investment fund which has been used previously to support broadband roll out currently sits at £1.687m. This fund is not ringfenced and as such is proposed as the funding source for the Work+ programme referred to in paragraphs 35-45 above.
49. A new broadband promotional campaign is planned for early 2021. The resulting increase in take-up of services will generate further gainshare income to the Council.

Green Economic Recovery

50. The Council's commitment to climate change and the environment agenda is well known and follows the Climate Emergency Declaration in 2019. To ensure that Leicestershire's wider economic recovery reflects our broader environmental commitments, the following series of principles are proposed to underpin all economic recovery work:
- a. To engage and partner with local, regional and national stakeholders that are experts in the green economy and innovation.
 - b. The design of operational activities and delivery of services will be regularly reviewed and assessed in line with the Council's current and future green policies.
 - c. To encourage companies relocating to Leicestershire or increasing their investment in the County, to adopt a green approach in their activities.
 - d. Partnership working with district councils in development of revised Local Plans to support environmentally positive approaches.
 - e. Investment in growth and development sites (particularly where the Council is a landowner) to support green recovery approaches.
 - f. Opportunities will be sought to leverage the Council's influence and reputation to attract Green Recovery funding from Government.
51. If agreed by Cabinet, detailed cross-departmental action planning will be undertaken to support delivery of the above principles.

Regional Economic Recovery Arrangements

52. In response to the pandemic, the Leicestershire Resilience Forum established the Economic Recovery Cell (ERC), under the leadership of the LLEP Chief Executive. This group, on which all key stakeholders are represented, including the County Council, have met on a regular basis to agree a coordinated, evidence based response.
53. The ERC has developed a COVID-19 Economic Recovery Action Plan which is appended to this report. This Action Plan sets out the activity planned across the partnership. To meet immediate local needs priorities have been structured against the following key themes:
- Business recovery
 - People, employment and skills

- Green recovery
- Innovation, science and technology
- Infrastructure

54. The ERC will also develop a longer term Economic Recovery Strategy; a five-year plan that reflects the longer term recovery challenges and actions. Progress on the development of this Strategy is dependent on the publication of the Government's White Paper 'Devolution and Local Recovery', now expected in Spring 2021.

Community Support

55. In addition to the support provided by the County Council to Leicestershire's businesses and workforce, considerable investment is being made to communities and community groups. The voluntary and community sector across Leicestershire has, and continues to, undertake a pivotal role in supporting its communities. This is true not only in the services and activities provided by the sector, but it is recognised that the sector has an important economic impact as an employer and a provider of learning and skills.
56. A focus for this investment is the Leicestershire Communities Fund which has supported community and voluntary groups to continue to carry out their vital work, despite the impact of COVID-19. The Fund has helped over 220 projects across the County with more than £1.5million of funding that has supported communities to provide food, health and wellbeing support during the crisis. Round 3 of the Leicestershire Communities Fund was launched on Wednesday 2nd December with almost £600,000 of additional funding available for community and voluntary groups.
57. Further community support has been provided by over £125,000 of SHIRE Grant funding that has been allocated to voluntary sector projects to support vulnerable people, £250,000 of DEFRA funding that has been awarded to foodbanks across the County and £250,000 of the Contain Outbreak Management Fund that has been allocated to Citizens Advice to provide additional debt and money management support to people in hardship.
58. Direct support for vulnerable people is being provided with the help of the Winter Support Grant: The Council's £1.62 million grant is being used to provide food vouchers for eligible children during the school holidays as well as food, fuel and heating support to families in hardship.

Financial implications

59. The proposals outlined in this report will, in total, cost approximately £1,645,000, £950,000 of which (covering the Business Recovery Fund and Community Pub fund) has previously been committed.

60. As a national initiative, Kickstart provides basic employment costs for a total of 6 months. To extend 15 County Council roles to a 12-month placement and provide employer contributions to the Local Government Pension Scheme for the duration of the placement, additional costs would be in the region of £100,000. This cost would be split across departmental budgets.
61. Work+ is estimated to cost £340,000 over a two-year period. It is proposed that this be funded through use of the Broadband Gainshare Fund.
62. The Community Pub programme has been funded through use of the Economic Reserves Fund. The Business Recovery Grant scheme has been funded through use of the Leicester and Leicestershire Enterprise Partnership business rates pool.
63. The financial position and proposed drawdown from the Economic Reserves Fund and Broadband Gainshare Fund is included within the draft MTFs for 2020/21.
64. The Director of Corporate Resources and Director of Law and Governance have been consulted on this report.
65. A summary of the financial implications are shown on the following table:

Proposal	Total project cost	Source
Kickstart	£175,000	<ul style="list-style-type: none"> £100,000 split across departmental budgets £75,000 from the Economic Reserves Fund
Work+	£340,000	Broadband Investment Gainshare Fund
Business Recovery Fund	£750,000	LLEP Business Rates Pool
Community Pub Fund	£200,000	<ul style="list-style-type: none"> Economic Reserves Fund (£150,000) Projected underspend from the Business Recovery Fund (£50,000)
Place Marketing Boost	£180,000	LLEP Investment Fund, subject to LLEP Board approval

Timetable for Decision(s)

66. The Cabinet will consider a similar report at its meeting on 5th February 2021 which will include any comments made by the Scrutiny Commission. Subject to the Cabinet's decision, the Council will work collaboratively with the City

Council as a Kickstart Gateway and plans will be finalised to roll-out Work+ in the County Council libraries.

67. This report, along with updates from the Infrastructure and Community strands will also be presented for discussion at the next meeting of the Joint Member Working Party.

Conclusion

68. The County Council has acted quickly and positively in response to the challenges posed by COVID-19. Initially the focus was necessarily concerned with the health impacts and delivery of key services, including grants being awarded to community groups providing vital support to those most affected. During the summer financial assistance was also provided to affected small businesses through the Business Recovery Fund to support their survival, and more latterly community pubs have been provided with emergency funding. All the above has been widely welcomed by grant recipients and the wider community.
69. The primary focus is now the medium term activities proposed in this report to support the sustainability and growth of Leicestershire's economy as we look beyond the immediate impact of COVID-19. Through initiatives such as Kickstart and Work+, the people of Leicestershire, particularly the young who may feel their future has been most severely impacted by the events of 2020 and those furthest from the work place who will most benefit from receiving practical assistance, will develop the skills and experience that will be of value to many local businesses.
70. The recent economic shocks have also enabled the Council to consider the implications for the wider growth environment. Improving broadband access through a number of new initiatives, developing principles that support a greener and more sustainable economy and promoting the tourism opportunities across the County provide longer term benefits that will support growth in Leicestershire into the future.

Equality and Human Rights Implications

71. There are no Equality and Human Rights Implications directly arising from this report.

Risk Assessment

72. Large and complex projects that require upfront investment in order to generate future financial returns inevitably bring a significant degree of risk. The County Council is mindful of this and appropriate governance arrangements need to be in place to continually monitor such projects. The Growth Service will ensure that adequate project specific governance is in

place and that updates are also regularly provided to Members as appropriate.

Environmental Impact

73. There are no environmental implications arising directly from the contents of this report.

Circulation under the Local Issues Alert Procedure

74. None.

Background Papers (excluding exempt items)

“Working together for the benefit of everyone - Leicestershire County Council’s Strategic Plan 2018-22” - <https://bit.ly/35x4V4d>

Report to the Cabinet on 23 June 2020 “Coronavirus (Covid-19) Impact and Response of the County Council - Recovery and Financial Impact” - <https://bit.ly/3nyBZ1Y>

Report to the Cabinet on 20 October 2021 “Coronavirus (COVID-19) Impact and Response of the County Council - Recovery - <https://bit.ly/3sf2rkF>

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List of Appendices

Appendix A – Economic Data provided by Business Intelligence
Appendix B – Kickstart Business Case
Appendix C – Work+ Business Case
Appendix D – Leicestershire Resilience Forum ERC, Economic Recovery Action Plan

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